

Holland & Knight

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November 19, 2012

VIA ELECTRONIC SUBMISSION

Attorney General's Office
California Department of Justice
Attn: Privacy Enforcement and Protection Unit
P.O. Box 944255
Sacramento, CA 94244-2550

Re: Notice of Potential Security Incident

Dear Sir/Madam:

Pursuant to Cal. Civ. Code § 1798.82 et seq., we are writing to inform you that American Tool Supply ("ATS") is providing notice to certain California residents regarding a recent potential intrusion to the ATS online ordering system (the "ATS System") that may have compromised personal information.

I. Nature of the Potential Security Incident

On August 1, 2012, ATS discovered that a hacker gained access to the ATS System. Upon discovery, ATS suspended the ATS System and removed all financial information that was stored on it. ATS also initiated an internal investigation to determine whether personal information was stored on, or accessible from, the ATS System. Moreover, the IBM X-Force forensics team was also engaged to investigate the incident.

The investigation revealed that computer hackers gained access to the ATS System, and that the ATS System stored certain customer names and credit card numbers. Although the investigation has not found evidence that personal information was actually accessed or acquired, out of an abundance of caution, ATS has decided to notify those customers whose personal information was stored on the ATS System.

II. Number of California Residents Affected

ATS has identified six hundred and seventeen (617) California residents potentially affected by the incident.

III. Steps ATS Has Taken or Plans to Take Relating to the Incident

First, upon discovery of the incident, ATS disabled the ATS System and removed financial information that was stored on it.

Second, ATS launched an internal investigation into the incident and engaged a third party forensics team to assist in the investigation.

Third, ATS sent an initial notice to certain customers that it identified as potentially being implicated and encouraged them to review their accounts for suspicious activity.

Fourth, on November 20, 2012, ATS is sending notice to the California residents that it believes may have had personal information stored on the ATS System. ATS will be providing notice by written letter sent to each resident's last-known address. A sample of the notification letter is enclosed.

Fifth, ATS has partnered with AllClear ID to help protect the potentially affected individuals from identity theft. Specifically, it has purchased for those individuals twelve months of AllClear ID's identity protection service, which helps detect possible misuse of personal information and provides other identity protection services.

Sixth, ATS has provided the affected residents with a toll-free number that they may call with questions about the incident, as explained in the enclosed sample notification letter.

Finally, ATS is introducing new security measures to prevent an incident like this from occurring again.

Please contact me if you have any questions or would like additional information.

Very truly yours,

HOLLAND & KNIGHT LLP



Maximillian J. Bodoin

MJB/sew
Enclosure



ATS Industrial Supply

Processing Center • P.O. Box 3825 • Suwanee, GA 30024



Free Identity Protection

Redemption Code: 9999999999

Enroll at enroll.allclearid.com

Assistance Hotline: (877) 615-3748

November 20, 2012



John Q Sample
123 Main Street
Anytown, US 12345-6789

Dear John Q Sample,

I am writing to notify you about a potential security incident. We have discovered that the ATS Industrial Supply online ordering system was attacked by computer hackers. Upon discovery, we immediately disabled the ATS ordering system and launched an internal investigation to determine whether any personal information was stored on, or accessible from, the system. We also engaged a third party computer forensics team to assist us in determining the extent to which the ATS system may have been compromised.

The investigation found that computer hackers gained access to the ATS system, which contained certain personal information, including customer names and credit card numbers. Although we cannot confirm whether any personal information was actually accessed or acquired, we are notifying you because your personal information was stored on the ATS system.

We would like to emphasize that, to date, we have no evidence that your personal information was actually accessed or acquired. Nevertheless, as a precautionary measure, we have purchased twelve months of identity protection services from AllClear ID, at no cost to you, to help protect you against identity theft.

You must register with AllClear ID before February 15, 2013, to receive this complimentary identity protection service. You will need to provide the redemption code that is listed at the top of this letter. You may register online at enroll.allclearid.com, by mail using the enclosed mail-in registration form or by phone by calling (877) 615-3748. Please note that additional action on your part may be required after registration in order to activate certain features of the service. Mailed registrations may take up to ten (10) business days before the registration is received and you are able to log-in to activate these features. Please see the enclosure to learn more about AllClear ID.

Experts recommend that you periodically review your credit report and account statements, even if you do not initially find suspicious activity. We have also included with this letter an explanation of additional steps you may consider taking to further protect yourself. Moreover, you should not provide personal information to others unless you are certain of the requester's identity and, as always, you should remain vigilant for incidents of fraud and identity theft.

ATS takes its responsibility to protect your privacy very seriously. We regret that this incident occurred, and we are taking steps to prevent future incidents of this nature. If you have any questions, please do not hesitate to contact representatives from AllClear ID, toll-free, at (877) 615-3748, Monday through Saturday between 8:00 a.m. and 8:00 p.m. CST.

Sincerely,

Chris Connelly
ATS Industrial Supply, Inc.



IDENTITY THEFT PRECAUTIONS

Free Credit Report

The Fair Credit Reporting Act requires each of the three nationwide consumer reporting agencies (Equifax, Experian and TransUnion) to provide you annually, upon request, with a free copy of your credit report. Obtaining a copy of your credit report from each agency on an annual basis, and reviewing it for suspicious activity, can help you spot problems and address them quickly. You can request your free credit report online at www.annualcreditreport.com or by phone at 1-877-322-8228. You can also request your free credit report by completing the request form available at www.annualcreditreport.com, and mailing it to Annual Credit Report Request Service, P.O. Box 105281, Atlanta, GA 30348-5281.

Fraud Alert

As a precaution against identity theft, you can consider placing a fraud alert on your credit file. A "fraud alert" tells creditors to contact you before opening a new account or changing an existing account. A fraud alert also lets your creditors know to watch for unusual or suspicious activity. To place a fraud alert, call any one of the three major consumer reporting agencies listed below. An initial fraud alert remains effective for ninety days, and is free of charge. If you wish, you can renew the fraud alert at the expiration of this initial period. As soon as one credit agency confirms your fraud alert, the others are notified to place fraud alerts on your file.

Equifax

Equifax Information Services LLC
P.O. Box 105069
Atlanta, GA 30348-5069
Toll-free: 800-525-6285
www.fraudalerts.equifax.com

TransUnion

Fraud Victim Assistance Department
P.O. Box 6790
Fullerton, CA 92834
Toll-free: 800-680-7289
www.transunion.com

Experian

P.O. Box 9532
Allen, TX 75013
Toll-free: 888-397-3742
www.experian.com/fraud/center.html

Further Information

You may obtain additional information about identity theft (including a security freeze) by contacting the above or the Federal Trade Commission (FTC) using the contact information below. In addition, certain state laws advise you to report suspected incidents of identity theft to local law enforcement or to your Attorney General's office.

Federal Trade Commission

Consumer Response Center
600 Pennsylvania Avenue, NW
Washington, DC 20580
1-877-IDTHEFT (438-4338)
www.ftc.gov/idtheft



Free identity protection. Priceless peace of mind.



ENROLL NOW! Free Identity Protection That's Proven to Work.

AllClear ID provides a level of patented identity protection no other company can match. Only AllClear ID has an Alert Network that identifies potential attacks and delivers critical information to you by phone.

What You Get:

- Identity theft insurance covers financial losses
- Comprehensive identity recovery
- Early attack detection
- Live AllClear™ Investigators dedicated to your case
- Wallet Restoration
- Long-term identity repair service after initial service period
- AllClear ID ChildScan identifies fraud for minors under 18 years old

Free, Fast, Simple Enrollment.



Insurance Amount: \$1,000,000



ENROLL NOW

Redemption Code: 9999999999

Online: enroll.allclearid.com

By Mail: Use form included in letter

Phone: Toll-free (877) 615-3748
Monday through Saturday
8am to 8pm Central Time

Sign Up Today For Your FREE Identity Protection From AllClear ID.

Included in Your AllClear ID Protection:

| AllClear Credit Monitoring | AllClear Credit Alerts | AllClear Investigators | Identity Theft Insurance | Long-term Identity Repair | ChildScan |
|---|--|--|---|--|---|
| AllClear ID constantly scans credit records for signs of activity that could indicate identity theft. | If there are changes to your credit file - like evidence that a thief has used your credit, you will get a secure call from AllClear ID. | If fraud is detected, licensed investigators repair your identity, saving you hundreds of hours. | If a thief steals your identity, you will be reimbursed for covered losses related to recovering your identity. | After your initial protection period has passed, you're protected with extra identity repair coverage for future issues. | If under 18, AllClear ID scans Social Security numbers and sends alerts if fraud is found, we will fully restore your child's identity. |

www.AllClearID.com

AllClear ID
ALERT NETWORK





Register for AllClear ID Protection

ALLCLEAR ID CORPORATE ADDRESS
823 CONGRESS AVE, SUITE 300 -AUSTIN, TX 78701

ALLCLEAR ID MAIL PROCESSING CENTER
P.O. BOX 3356 - SUWANEE, GA 30024-9847

To register by mail, complete this form and mail to **AllClear ID** at the address above.

You do not need to complete this form if you register online at enroll.allclearid.com or by phone at (877) 615-3748.

INSTRUCTIONS:

- **Fill in your personal information.** All fields are required unless specified otherwise. Please provide at least one phone number.
- **To register additional family members**, please use a separate form. **To register a minor** under 18 years old, please provide information for the parent or legal guardian. Correspondence concerning a minor will be addressed to the parent or legal guardian.
- If you have an **AllClear ID** Redemption Code or Promotion Code, enter it at the top of the Registrant Personal Information Section.

Please **PRINT CLEARLY** in **BLACK INK** within the boxes.

Shade the bubbles completely. Correct: ● Incorrect: ⊗ ⊙

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ADDRESS INFORMATION

Please do not write in this section. Please use the "Change of Address" section to make corrections.

John Q Sample
123 Main Street
Anytown, US 12345-6789



REDEMPTION CODE: 9999999999

REGISTRANT PERSONAL INFORMATION

| | | | | | | | | | | | |
|--|--|----------------------------|--|-------------------|--|-----------------------------------|--|-------------------|--|--|--|
| GENDER | | DATE OF BIRTH (MM/DD/YYYY) | | | | SOCIAL SECURITY NUMBER (Required) | | | | | |
| <input type="radio"/> MALE <input type="radio"/> FEMALE | | | | | | | | | | | |
| MOBILE PHONE NUMBER | | | | HOME PHONE NUMBER | | | | WORK PHONE NUMBER | | | |
| | | | | | | | | | | | |
| EMAIL ADDRESS (For Online Account Access) | | | | | | | | | | | |
| | | | | | | | | | | | |

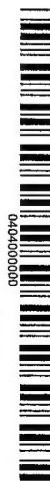
PARENT/ LEGAL GUARDIAN INFORMATION (If Registering a Minor)

| | | | | | | | | | | | | | |
|--|--|----------------------------|--|-------------------|--|-----------------------------------|--|-------------------|--|--|--|--------|--|
| FIRST NAME | | | | MIDDLE | | | | LAST NAME | | | | SUFFIX | |
| | | | | | | | | | | | | | |
| GENDER | | DATE OF BIRTH (MM/DD/YYYY) | | | | SOCIAL SECURITY NUMBER (Required) | | | | | | | |
| <input type="radio"/> MALE <input type="radio"/> FEMALE | | | | | | | | | | | | | |
| MOBILE PHONE NUMBER | | | | HOME PHONE NUMBER | | | | WORK PHONE NUMBER | | | | | |
| | | | | | | | | | | | | | |
| EMAIL ADDRESS (For Online Account Access) | | | | | | | | | | | | | |
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CHANGE OF NAME OR ADDRESS (Optional)

| | | | | | | | | | | | | | |
|-------------------------------------|--|--|--|--------|--|--|--|-----------|--|-------|--|--------|--|
| FIRST NAME | | | | MIDDLE | | | | LAST NAME | | | | SUFFIX | |
| | | | | | | | | | | | | | |
| RESIDENCE ADDRESS LINE 1 | | | | | | | | | | | | | |
| | | | | | | | | | | | | | |
| RESIDENCE ADDRESS LINE 2 (Optional) | | | | | | | | | | | | | |
| | | | | | | | | | | | | | |
| CITY | | | | | | | | | | STATE | | ZIP | |
| | | | | | | | | | | | | | |

By registering for AllClear ID, I agree to the AllClear ID End User License Agreement (enclosed) and I authorize AllClear ID, who provides Identity Theft Protection, and its service providers to obtain and monitor my own credit information from credit reporting agencies and send this information to me alone for my own use. I certify that I am the parent/legal guardian of any children that I register for the AllClear ID service. Please note that additional action after registration may be required by you in order to activate certain features of the service. Mailed registrations may take up to ten (10) business days before the registration is received and you are able to log-in to activate these features. Under federal law, you have the right to receive a free copy of your credit report once every twelve months from each of the three national consumer reporting agencies. To request your free annual report under that law, visit www.annualcreditreport.com or call (877) 322-8228.



End User Services Agreement

This agreement ("Agreement") is made by & between AllClear ID, Inc., formerly "Debix" ("AllClear ID"), having an address of 823 Congress Avenue, Ste. 300, Austin, TX 78701, & you ("you"). As of the date you register for or enroll in the Service, the parties agree as follows:

- Definitions.** The "Service" means the Premium Service and/or the Basic Service, for which you enroll, as the case may be, determined in accordance with your registration & the terms hereof. The "Premium Service" is one of the following, depending on your election at registration: (i) AllClear ID Pro (ii) AllClear ID Plus (iii) AllClear ID Guarantee. A Premium Service may include a Service that a third party is purchasing for you on your behalf, i.e. it may be free to you but still a Premium Service. The "Basic Service" is AllClear ID Basic and is provided at no cost. References to the Service include any use you make of the interface available at www.debix.com or www.allclearid.com (collectively, the "Site").
- Provision of the Service.** AllClear ID will provide you with the Service you elected at registration subject to the terms and conditions of this Agreement. A detailed description of the Service for which you are registered can be found in your profile which may be accessed by logging into the Site. **Term & Termination Re: Basic Service.** Your subscription to the Basic Service commences upon your registration, covers identity theft events occurring after registration, & terminates upon the earlier of (i) AllClear ID's notification to you of its discontinuance of the Basic Service offering, (ii) AllClear ID's election to terminate your Basic Service if you do not opt-in at the end of the then-current subscription period, or (iii) your election to terminate your subscription to the Basic Service, each of which may occur at any time.
- Subscription Fee.** The subscription fee for the Premium Service, if applicable, will be billed at the retail price currently in effect, at a previously approved & agreed-upon pricing, or in accordance with the applicable promotion code on the Site & according to the terms described herein. If you have questions regarding your fee, please contact customer service toll free at the applicable phone number listed above. AllClear ID will continue to bill your payment method on a periodic basis until the expiration or termination of your Premium Service. You may cancel your subscription for the Premium Service (if any) for which you have registered in accordance with Section 7. If you pay monthly & wish to cancel, you must call Customer Service prior to the start of the following month. If you pay for multiple months in advance & cancel your Premium Service prior to the end of the period for which you have paid, AllClear ID will refund payment for only any full, unused months. If someone has paid on your behalf and you cancel, you will not receive a refund.
- Free Trial.** If you receive a Premium Service as the result of a third party procuring it for you on your behalf, this Section is not applicable to you. If you are subscribing to a Premium Service on your own behalf, it may start with a free trial period. If you do not cancel before the end of such free trial period, you agree that AllClear ID is authorized to charge you a monthly subscription fee for such Premium Service at the current rate to the payment method you provided during registration. You must provide a valid payment method to enroll in any free trial. AllClear ID will begin billing your payment method for monthly subscription fees at the end of the free trial period, unless you cancel prior to the end of the free trial period. You will not receive a notice from us that your free trial period has ended or that the paying portion of your subscription has begun. **If you cancel prior to the end of your free trial period, there will be no charges to your payment method.**
- Scope of Coverage; Term & Termination of Premium Service.** If you are a subscriber to a Premium Service, your subscription to such Premium Service commences upon your registration. Additional action may be required by you in order to activate certain features of the Service. Failure to activate or use an available feature of the Service does not affect the cost of the Service. The Premium Service covers identity theft events discovered after registration. If a third party has procured the Premium Service on your behalf, your subscription to the Premium Service will terminate at the end of the term specified during registration, unless you opt to re-enroll. If you are subscribing to a Premium Service on your own behalf, then at the end of your initial subscription period, your subscription will automatically renew on a month to month basis until you terminate it in accordance with this Section or fail to provide payment when due. In addition, the Premium Service may be terminated or suspended at any time with or without notice if payment is not received when due or if you breach any of the terms & conditions set forth herein. If your subscription to the Premium Service expires because you fail to renew it or fail to provide payment when due, AllClear ID may convert you to the Basic Service for one (1) year, subject to the terms & conditions applicable to the Basic Service as set forth herein. If you transfer from one Service to another, the terms and description of such newly elected Service will apply. In the event that you elect to transfer to a new Service, you will forfeit any remaining entitlement in your previous Service. Notwithstanding the foregoing, if you are affected by two separate incidents from the same source company, your newly elected Service will continue after the term of your previous Service, with no forfeiture.
- Restrictions.** You will use any Service only for your benefit & for its intended purpose. You will not permit any third party to: (a) except as expressly set forth in this Agreement, use, copy, modify, create derivative works of, distribute, sell, sublicense, or transfer the Service; (b) remove or alter any AllClear ID notices or markings, or add any other notices or markings within the Service; (c) decrypt or attempt to decrypt the Service; (d) derive or attempt to derive the source code of or decompile the Service; or (e) disassemble or reverse engineer the Service. If statutory rights make any part of this section void, you will provide AllClear ID with detailed information regarding any such activity.
- Ownership.** This Agreement confers no ownership rights to you & is not a sale of rights in the Service. Ownership of all right, title, & interest in or to the Service & all Feedback & all intellectual property rights embodied therein are & will remain AllClear ID's exclusive property. You will take all reasonable actions to perfect such ownership, including without limitation executing instruments of assignment. AllClear ID reserves all rights in the Service & the intellectual property rights embodied therein not expressly granted hereby. The Service contains AllClear ID proprietary & confidential information. You will hold such information in confidence & not use or disclose it in any way except as expressly permitted hereunder, using no less than reasonable care. If you provide feedback &/or generate data in using the Service ("Feedback"), except to the extent set forth in our Privacy Policy you hereby assign all right, title, & interest therein to AllClear ID. If such assignment is ineffective, you agree to grant to AllClear ID a non-exclusive, perpetual, irrevocable, royalty free, worldwide license to use, reproduce, sublicense, distribute, modify, & otherwise exploit such Feedback without restriction.
- Support.** In connection with the Service, AllClear ID will provide the support specified on the Site from time to time.
- Disclaimer of Warranties.** ALL SERVICES ARE PROVIDED TO YOU "AS IS," WITHOUT WARRANTY, & ALL WARRANTIES, EXPRESSED OR IMPLIED, INCLUDING WITHOUT LIMITATION THE WARRANTIES OF MERCHANTABILITY, FITNESS FOR A PURPOSE, NON-INTERFERENCE, ACCURACY, & NON-INFRINGEMENT ARE DISCLAIMED. ALLCLEAR ID DOES NOT WARRANT THAT THE SERVICE WILL OPERATE WITHOUT INTERRUPTION, BE ERROR-FREE, OR ACHIEVE SPECIFIC RESULTS. THE SERVICE IS NOT A CREDIT COUNSELING SERVICE. ALLCLEAR ID DOES NOT PROMISE TO HELP YOU IMPROVE YOUR CREDIT RECORD, HISTORY, OR RATING.
- Authorization.** You authorize AllClear ID & its service providers to obtain & monitor your own information from credit reporting agencies and/or other monitoring services & send this information to you for your own use. You agree that this authorization shall constitute written instructions to obtain your credit information in accordance with the Fair Credit Reporting Act. If AllClear ID is unable to process the credit monitoring request, AllClear ID will make a reasonable effort to contact you. You certify that you have the express consent of all adults that you register to submit their information to AllClear ID with the intent to utilize the Service & to agree to this Agreement on their behalf. You also certify that each adult that you register for the Service has read & accepted the terms & conditions of this Agreement, and authorizes AllClear ID, & its service providers, to obtain & monitor his or her own credit information from credit reporting agencies & send this information to him or her alone for his or her own use. You agree that this authorization shall constitute written instructions to obtain his or her credit information in accordance with the Fair Credit Reporting Act. You certify that you are the parent/legal guardian of any and all children that you register for the Service. Information that AllClear ID collects from you will be treated in accordance with the AllClear ID Privacy Policy: <https://www.allclearid.com/legal/privacy-policy>.
- Limitation of Liability.** ALLCLEAR ID WILL NOT BE LIABLE FOR INDIRECT, SPECIAL, CONSEQUENTIAL, OR INCIDENTAL DAMAGES (INCLUDING WITHOUT LIMITATION COST OF COVER), EVEN IF ADVISED OF THE POSSIBILITY OF SUCH DAMAGES. ALLCLEAR ID SHALL NOT BE LIABLE FOR ANY 3RD PARTY CLAIMS. OUR CUMULATIVE LIABILITY WILL BE LIMITED TO WHAT WAS PAID BY YOU OR ON YOUR BEHALF FOR THE SERVICE IN THE 12 MONTHS BEFORE THE CLAIM. THIS SECTION IS A FUNDAMENTAL PART OF THE BASIS OF OUR BARGAIN, WITHOUT WHICH ALLCLEAR ID WOULD NOT BE ABLE TO PROVIDE THE SERVICE, & WILL APPLY DESPITE THE FAILURE OF ESSENTIAL PURPOSE OF ANY LIMITED REMEDY. If some or all of the limitations & exclusions in Sections 11 & 13 are held unenforceable, warranties will be disclaimed, & AllClear ID's liability will be limited to the greatest extent permitted under applicable law.
- Compliance with Law.** You warrant that in using the Service, you will comply with all applicable laws, including without limitation with all regulations of agencies of the U.S. Government regarding export & re-export restrictions. You will hold harmless & defend, at our option, AllClear ID from any third party claim against AllClear ID arising from your failure to comply with this Agreement.
- Termination Procedure.** AllClear ID may require reasonable identification verification before completing any request to terminate the Agreement or to cancel the Service.
- General.** Any notice hereunder will be in writing & sent by mail, return receipt requested, by e-mail, or by reputable courier addressed to the other party (i) if to AllClear ID, the address set forth above or at support@allclearid.com & (ii) if to you, at the address or e-mail address you provide when you register for the Service, or at such other address of which you give notice in accordance with this provision. It is your responsibility to keep your contact information up to date. Notice will be deemed to have been given when delivered (as confirmed by receipt or other confirmation) or, if delivery is not accomplished by fault of the addressee, when tendered. This Agreement will be governed by the laws of Texas, without regard to conflict of laws. The U.N. Convention on Contracts for the International Sale of Goods does not apply. All disputes will be brought only in a court located in Travis County, TX, & to the fullest extent permitted under applicable law, you consent to the same as the exclusive jurisdiction for claims arising hereunder & waive any objection to venue of such courts. If any provision hereof is held unenforceable, the remaining provisions will be unaffected. Your rights may not be assigned without written consent by AllClear ID. AllClear ID may assign this Agreement. Failure or delay in enforcing this Agreement will not be deemed a waiver. This Agreement constitutes the entire agreement between the parties & supersedes all prior or contemporaneous agreements with respect to its subject matter. This Agreement may not be amended except in writing or a subsequent click to accept or telephonic method offered by AllClear ID. Certain businesses not affiliated with AllClear ID may display the AllClear ID or AllClear Security Guarantee logo and offer access to the AllClear ID service. Such use or offers should not be construed, in any respect, as an endorsement or guarantee by AllClear ID of the security practices of such businesses. Upon any termination or expiration of this Agreement, all terms will cease, except Sections 5 - 14, which survive.